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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

COUNTRY Germany (Soviet Zone)

SUBJECT Construction Bureaus in the  
VEB IndustriesPLACE ACQUIRED  
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1. A conference of the managing directors and so-called technical top authorities of the VEB industries took place on 29 Sep 53 at Leipzig, in the clubhouse of the VEB Gus, formerly Meyer & Weichelt. At this meeting the establishment of construction bureaus was thoroughly discussed, and the establishment of four temporary bureaus was finally decided on. Two central planning bureaus for the entire VEB industry will be included, because planning through the special ministries has failed.
2. As an example of this failure it was reported that the Mannesmann works at Leipzig had worked since the middle of 1951 on a power plant for Hungary. The order was given to Mannesmann by Walter Ulbricht personally. Mannesmann could not finish the work in the required time because of material shortages, and had to pay a penalty of 125,000 marks. Delivery was made a quarter-year late. But when the German engineers and the material arrived in Hungary it was found that no preparations had been made. Foundations had not been laid, nor provision made for unloading the material. Only a single five-ton crane was available. Since there were heavy loads to be discharged, they were simply rolled out of the cars on rails, which resulted in considerable damages. Now the return of the damaged machinery is being awaited at Leipzig, as Hungary demands that it be repaired. In future, such occurrences are to be avoided by means of a central planning office.
3. The establishment of central construction bureaus was decided on because of the considerable number of technical leaders registered. These leaders are primarily occupied in the so-called directing services and are largely taken away from the manufacturing plants. Besides, until now the selection of these technical experts

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has worked very one-sidedly. The existing expert commissions apparently have engaged in a wild competition. Also there were the wrong appointments due to the ignorance of many of the plant directors, who were in a position to intervene in technical matters relating to their plants.

4. Moreover, in future there will be a need for an effective standardization and classification to be adopted, such as is already used in the Soviet Union. Technical development up to now is regarded as poor, because the plants themselves have looked at it only from the perspective of their respective areas of expertness. A much more comprehensive analysis of markets must be practiced. The development of machinery design has been especially bad, because the separate machines and installations are not synchronized with one another. Supervision of work is completely lacking in the present plant-controlled construction bureaus. The SSD today has no suitably qualified experts at its disposal. For this reason, the supervision of working operations has been done by a special system; that is, through officials subordinate to the respective ministries. A committee was set up to work out an adequate plan for the establishment of the construction bureaus.

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